



### Moody's upgrades state's credit outlook

(August 14) Moody's Investors Service has upgraded Indiana's credit outlook from negative to stable for the first time in five years.

[Read the news release](#)

Governor's Update

Volume 1, Issue 7  
August 14-20, 2006

### Indiana's economic hot streak continues...

(August 15) The Indiana Economic Development Corporation (IEDC) announced that Shoe Carnival, Inc. will build its new national headquarters in Evansville and create approximately 120 new jobs at the headquarters and distribution center in Evansville.

[Read the news release](#)

### Governor Daniels releases report on need for welfare system change

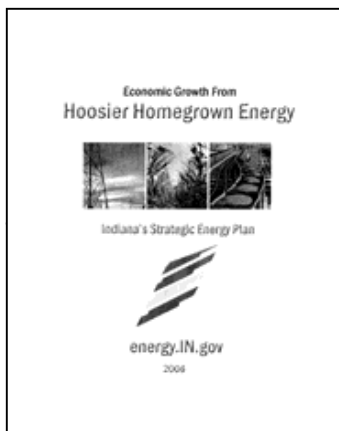
(August 18) The governor released a report titled *Eligibility Modernization: The Need for Change*, which outlines the problems in the state's current system of welfare delivery. "The status quo is simply not acceptable. Indiana has the worst record of welfare reform in the entire country," said Daniels. "We have dedicated employees, but our welfare system is slow, cumbersome, inaccurate, inconsistent, and conducive to waste and fraud. It continually fails recipients and taxpayers alike and must be changed."

[Read the news release](#)

### "The state's economic comeback depends on development of our energy potential."

- Governor Daniels (on August 11, as he announced Indiana's new strategic energy plan)

### Hoosier Homegrown Energy: Indiana's Strategic Energy Plan



- Click on the image to the left to view Indiana's Strategic Energy Plan.
- Visit the Indiana Office of Energy and Defense Development Web site: [www.in.gov/energy](http://www.in.gov/energy)
- Click [here](#) to read the original news release.
- See the following page to *read editorials by the Madison Courier and Marion Chronicle-Tribune* on the governor's energy announcement.

**The Madison Courier**  
**August 14, 2006**

Gov. Mitch Daniels took an important step last week when he announced the creation of a council on energy to oversee a plan aimed at spurring economic development by focusing on more "homegrown" fuels, including Indiana coal and biofuels.

His goal is to make sure the state has "ample, affordable homegrown energy."

At the same time, we like a proposal from Indiana House Republicans that would give tax incentives to companies that invest in alternative energy and to drivers who own hybrid vehicles.

Daniels plans to set an example by looking at energy use in state government buildings. State-owned buildings in Indianapolis will get 10 percent of their electricity from renewable Indiana sources by 2010 and 25 percent by 2025, Daniels said. Another goal is to make all the state's fleet vehicles compatible with alternative fuels by 2010.

The energy crisis isn't going to ease unless we take an aggressive approach. That means Indiana needs to look out for itself and not wait for the federal government to come to the rescue.

Coal makes up more than 90 percent of electric generation in Indiana, Daniels said. But more than half the coal consumed here comes from outside the state. The plan calls for building new power plants in Indiana using "clean coal" technology and providing incentives for such projects.

We would also hope to see incentives for existing plants to continue upgrading their facilities.

While Daniels' plan is forward looking, there are other energy sources that should be explored. Wind and solar power have proven to be affordable and efficient sources of energy.

Daniels has developed a long-range plan that should serve Hoosiers in the future.

Our legislators must now take a look at short-term relief. The debate has been heated over whether a suspension of the state sales tax on gasoline would help Hoosiers. Daniels and Republicans say "no." Democrats say "yes."

While the tax suspension would provide temporary financial relief, it does nothing to solve the problem.

We can expect some lively debate in the next session of the legislature.

In the meantime about all we can do is use energy responsibly.

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**Marion Chronicle-Tribune**

Editorial, August 14, 2006

**Gas tax break would stall state economy**

**Governor has right idea: Step on the gas instead of the brakes**

The strategic plan Gov. Mitch Daniels has unveiled as an energy policy for Indiana provides a sort of energy independence effort at the state level - attacking the trend that soon will make Hoosiers net importers of electricity and building on the very large economic potential the state has in the production of biofuels, such as ethanol.

It avoids the sort of short-term fixes that sound nice but lead to financial heartache, such as removing state sales tax on gasoline, in order to fetch temporary electoral popularity from beleaguered motorists.

House Minority Leader Patrick Bauer, D-South Bend, has called for a suspension of the state's gasoline sales tax, which he says unfairly burdens Hoosier motorists at a time when petroleum prices are at an all-time high.

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We agree the current rise in gasoline prices is painful, the price at the pump has increased by nearly 100 percent in three years. (The average price of regular gasoline was \$1.56 in 2003). This proposal would lower prices by 6 percent. That's not real relief. But state and local governments would lose about \$300 million if the tax disappeared, according House Speaker Brian Bosma, R-Indianapolis. That money would either have to come from somewhere else or counties, cities and towns would have to do without. That is a real problem. Local governments receive sales tax money, and we in Grant County are keenly aware of difficult dilemmas that arise when local governments don't get the tax collections they anticipate.

In a real sense, by removing the sales tax, motorists would be shifting part of their tab for a gallon of gasoline onto state and local government, regardless of how well prepared individuals might be to pay the bill at the pump.

Daniels' plan just makes better sense.

"Our energy industry must grow. With new forms of energy production, such as biodiesel, ethanol and clean coal, we will preserve and grow jobs and incomes," the governor said.

Along with his energy policy, the governor also announced plans for the state's newest ethanol plant, at the Ports of Indiana in Mount Vernon. It is the 16th such facility proposed or under construction in Indiana, including one in Grant County.

The growth of ethanol could bring the cost of fuel down while also increasing energy independence and bettering the local and state economy. It's not a quick fix, but quick fixes rarely work.